Manitoba Lotteries Corporation

Mission

Manitoba Lotteries' Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

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FIRST QUARTER REPORT

FOR THE THREE MONTHS ENDED
JUNE 30, 2012
(UNAUDITED)

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the three months ended June 30, 2012 was $82.4 million, a decrease of $5.3 million from the same period last year. This change is due to decreases of $3.4 million in Video Lotto and $3.0 million in the Casinos, offset by an increase of $1.1 million in Lottery.

Revenue, net of cost of sales, decreased $5.7 million from the same period last year and the share of profit of Western Canada Lottery Corporation increased $1.5 million. On the expenditure side, operating expenses increased $0.9 million; depreciation and amortization, GST expense and interest expense net of interest income increased $1.5 million; and allocations and payments decreased $1.3 million.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, unaudited)
Three Months Ended June 30th

	2012				2011
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue	$ 80,691	$ 59,088	$ 722	$ 140,501	$ 146,718
Cost of sales	8,480	3,073	325	11,878	12,419
	72,211	**56,015**	**397**	**128,623**	**134,299**
Expenses					
Operating	6,009	23,364	2,142	31,515	30,591
Depreciation and amortization	1,173	6,575	-	7,748	6,364
Goods and Services Tax	474	359	31	864	750
	7,656	**30,298**	**2,173**	**40,127**	**37,705**
Operating Income	**64,555**	**25,717**	**(1,776)**	**88,496**	**96,594**
Share of profit of Western Canada Lotteries Corporation	-	-	16,471	16,471	15,005
Interest expense on long-term debt	(328)	(1,297)	(41)	(1,666)	(1,774)
Interest income	42	11	3	56	102
Income before Allocations and Payments	**64,269**	**24,431**	**14,657**	**103,357**	**109,927**
Allocations and Payments	**19,180**	**1,556**	**176**	**20,912**	**22,177**
Net Income and Comprehensive Income	**$ 45,089**	**$ 22,875**	**$ 14,481**	**$ 82,445**	**$ 87,750**

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with Manitoba Lotteries' 2011-12 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Manitoba Lotteries' Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year consolidated financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands, unaudited)
June 30th

	2012	2011
ASSETS		
Current Assets		
Cash	$ 26,562	$ 18,722
Trade and other receivables	20,725	17,866
Inventories	1,331	1,496
Prepayments	7,656	5,921
	56,274	44,005
Property and Equipment, and Intangible Assets	186,471	172,497
	$ 242,745	$ 216,502
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	$ 32,036	$ 35,070
Payable to the Province of Manitoba	17,718	18,750
Current portion of long-term debt	12,684	17,222
	62,438	71,042
Long-term Debt	173,954	139,654
Provision for Employee Pension Benefits	1,353	806
Retained Earnings	5,000	5,000
	$ 242,745	$ 216,502